

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

ATTORNEY GENERAL'S FIRST SET OF DOCUMENT AND
INFORMATION REQUESTS

D.T.E. 05-40

Respondent: John E. Allocca

Date: August 24, 2005

Information Request AG-1-13

Q. What is the Company's contingency plan if the Union expansion is delayed or is not completed? Explain how the Company would recover costs associated with the Union project and the related TransCanada project, assuming the Union piece is not completed and the TransCanada piece is completed.

A. In the event that the Union expansion is either delayed or not completed, the Company would initially seek to purchase replacement supplies at Waddington. If the delay was expected to be of significant duration, the Company would seek the least cost reliable alternative supply or capacity to meet its firm sendout requirements.

In the unlikely event of a delay or early termination of the Union Project, the Company would seek to recover any costs incurred in accordance with applicable Department regulations as prudently incurred gas costs.

As discussed in the testimony of John Allocca (exhibit JEA-1) the Company determined that the benefits to its customers under these contracts outweighed the risk that either the TransCanada or Union project would be delayed or cancelled. While there is some risk that either or both of these projects might be delayed, if the Company had not entered into these agreements, its customers would face the virtual certainty of higher gas prices.